

**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date:

ALL

Item Creation Date: 3/3/2016

SWM - Restated WM Agreement One Year

Agenda Item#:

Background:

The SWMD operates Single Stream curbside recycling collection service for participating areas of the City of Houston. The program allows residents to conveniently recycle at their curbside on a bi-weekly basis. This program allows customers to mix recyclable paper corrugated cardboard, plastic, glass and aluminum cans in one container. The Single Stream program began in 2009 and was expanded to all homes within the City of Houston in early 2015.

The Original Agreement countersigned February 12, 2013 provided for the City of Houston (City) to deliver Recyclable Materials for processing to the contractor's material recovery facility (MRF) located at 4939 Gasmer Drive, Houston, Texas 77035. The First Amendment was to allow the City to also deliver Recyclable Materials to the contractor's MRF at 1200 Brittmore Road, Houston, Texas 77043. The Original Agreement and First Amendment were structured to include "zero floor". The basic principle of the "zero floor" was that any materials collected by the City in its Single Stream Curbside Recycling Program was delivered to Waste Management of Texas, Inc. (WM) MRF for processing. Any materials retrieved from the processing that had a commercial value would then be sold at the current commodity selling pricing (CSP). Waste Management would deduct its cost to process the material (PF). If there existed a net positive from the difference between the CSP less the PF, then the City would share this revenue with WM as contractually agreed. If, however, there existed a negative balance from the difference from the CSP less the PF, then there would not exist a charge to the City for any negative balances. The City would not bear any cost and its obligation would be zero, hence the term, zero floor.

The Restated Agreement will replace an expired Original Agreement between the City of Houston and Waste Management of Texas, Inc. Waste Management timely notified the City of its intent not to renew the Agreement under the same terms, and proposed certain new terms upon which Contractor would be agreeable to entering into a Restated Agreement. Specifically, the new terms would incur an increased processing cost and the removal of the zero floor. The City's revenue share remains unchanged. The Restated Agreement provides for funding to cover any negative balances that may occur from the difference between the CSP less the PF from the processing of the Single Stream curbside Recyclable Materials. The initial term of the contract is one (1) year, beginning March 16, 2016. There is one (1) optional one (1) year renewal for a maximum contract amount of \$7,400,000.

A handwritten signature in blue ink that reads "Harry J. Hayes".

Harry J. Hayes

Director, Solid Waste Management

Amount of Funding:

FY2016: \$1,100,000

FY2017-FY2018: \$6,300,000

General Fund (1000)

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